

Federal Columbia River Power System (FCRPS)
FY 2004 FOURTH QUARTER REVIEW

Net Revenues and Reserves

Audited Actual Results for FY 2004



October 28, 2004

FY 2004
EXECUTIVE HIGHLIGHTS
October 2004

(\$ in Millions)

	FY 2003 <u>Actuals</u> ^{1/}	FY 2004		
		2004 Agency Target (SOY)	Audited Actuals without FAS 133 ^{1/}	with FAS 133 ^{2/}
1. REVENUES ^{3/}	3,556.8	3,425.4	3,108.4	3,197.9
2. EXPENSES ^{3/}	3,056.7	3,035.9	2,693.4	2,693.4
3. NET REVENUES ^{4/}	500.2	389.6	415.0	504.5
4. MODIFIED NET REVENUES ^{4/}	36.9	144.9	66.3	66.3
5. END OF YEAR FINANCIAL RESERVES ^{5/}	510.8	447.0	638.0	638.0
6. BPA ACCRUED CAPITAL EXPENDITURES ^{6/}	473.4	597.0	439.0	439.0

Footnotes

- 1/ Does not include mark-to-market adjustments required by SFAS 133.
Actual Net Revenues for FY 2003 with the mark-to-market adjustment were \$555.4 million.
- 2/ Includes an "accounting only" (no cash impact) adjustment representing the mark-to-market (MTM) adjustment required by SFAS 133 for identified derivative instruments.
- 3/ Agency Target (SOY) does not reflect the change in accounting for power "bookout" transactions made after adoption of new accounting guidance, EITF 03-11, which was effective as of Oct 1, 2003.
- 4/ Net revenues include the effects of non-federal debt management and SFAS 133. Modified net revenues were developed without these line items. An example of non-federal debt management is the refinancing of ENW debt.
- 5/ Financial reserves equal total cash plus deferred borrowing.
- 6/ Funded by borrowing from the U.S. Treasury.

Federal Columbia River Power System Statement of Revenues and Expenses

Through the Month Ended September 30, 2004

Audited Actuals

Unit of measure: \$ Thousands

% of Year Lapsed = 100%

	A	B	C	D
	Actuals: FYTD 2003	FY 2004 Target (SOY)	FY 2004 Actuals	Actuals as a % of SOY Budget
Operating Revenues				
1 Sales <Note 1	\$3,328,277	\$3,295,137	\$2,973,496	90%
2 Miscellaneous Revenues	49,077	48,620	53,364	110%
3 Derivatives - Mark to Market Gain (Loss) <Note 2	55,265		89,452	
4 U.S. Treasury Credits	179,484	81,675	81,600	100%
5 Total Operating Revenues	3,612,104	3,425,433	3,197,911	93%
Operating Expenses				
Power System Generation Resources				
Operating Generation Resources				
6 Columbia Generating Station	205,153	221,665	222,115	100%
7 Bureau of Reclamation	54,041	61,300	59,599	97%
8 Corps of Engineers	129,383	140,500	137,139	98%
9 Long-term Generating Projects	26,105	29,537	24,560	83%
10 Operating Generation Settlement Payment	16,709	17,000	16,838	99%
11 Non-Operating Generation	9,136	12,238	4,578	37%
12 Contracted Power Purchases and Augmentation Power Purchases <Note 1	1,007,997	693,886	546,008	79%
13 Residential Exchange/IOU Settlement Benefits	143,967	143,802	125,915	88%
14 Renewable and Conservation Generation, including C&RD	83,059	91,145	82,551	91%
15 Subtotal Power System Generation Resources	1,675,550	1,411,073	1,219,303	86%
16 PBL Transmission Acquisition and Ancillary Services	47,648	48,500	43,624	90%
17 PBL Non-Generation Operations	62,649	63,608	57,418	90%
18 TBL Transmission Acquisition and Ancillary Services	5,617	7,108	3,895	55%
19 Transmission Operations	76,519	85,682	83,945	98%
20 Transmission Engineering	13,424	17,026	27,623	162%
21 Transmission Maintenance	78,257	83,246	77,475	93%
22 Fish and Wildlife/USF&W/Planning Council/Environmental Requirements	169,918	165,395	170,320	103%
General and Administrative/Shared Services				
23 CSRS	35,100	30,950	30,900	100%
24 Corporate Support (G&A and Shared Services) & TBL Support (Supply Chain)	83,987	89,232	84,158	94%
25 Other Income, Expenses & Adjustments	(7,140)	(7,000)	(4,731)	
26 Non-Federal Debt Service	119,534	334,265	248,475	74%
27 Depreciation & Amortization	350,025	358,279	366,239	102%
28 Total Operating Expenses	2,711,089	2,687,364	2,408,646	90%
29 Net Operating Revenues (Expenses)	901,015	738,069	789,266	107%
Interest Expense				
30 Interest on Federal Investment	378,989	378,972	323,291	85%
31 AFUDC	(33,398)	(30,458)	(38,441)	126%
32 Net Interest Expense	345,591	348,514	284,850	82%
33 Net Revenues (Expenses)	555,424	389,555	504,415	129%

<1 FYTD Actuals for Power Sales & Contracted Power Purchases decreased by a net \$212 million, due to the change in accounting for power "bookout" transactions after adoption of new accounting guidance, EITF 03-11, effective as of Oct 1, 2003. The change in accounting for power "bookout" transactions was not applied to the SOY Target.

<2 This is an "accounting only" (no cash impact) adjustment representing the mark-to-market (MTM) adjustment required by SFAS 133, as amended, for identified derivative instruments. The MTM adjustment is excluded in calculating Modified Net Revenues for rate setting purposes.

PBL Accumulated Net Revenue - SNCRAC, FBCRAC & DDC

Audited Actuals

Data Source: EPM Data Warehouse

Requesting BL: POWER

Run Date/Time: October 28, 2004 13:53

Reporting Period October 31, 2004

UoM: \$ in thousands

% of Year Lapsed = 100%

	A	B	C	D	E	F	
	<u>Actuals FY 2000</u>	<u>Actuals FY 2001</u>	<u>Actuals FY 2002</u>	<u>Actuals FY 2003</u>	<u>Actuals FY 2004</u>	<u>Accumulated Results</u>	<u>FY 2004 Trigger</u>
1 Total Revenues	2,720,940	3,888,052	3,047,803	3,144,811	2,738,898	15,540,504	
2 Total Expenses	2,468,811	4,100,095	3,135,224	2,901,815	2,419,642	15,025,587	
3 Net Revenue (Expense) from Continuing Operations	252,130	(212,043)	(87,421)	242,996	319,256	514,918	
4 FAS 133: Accounting for Derivative Instruments and Hedging Activities		47,877	38,354	55,265	89,452	230,948	
5 Debt Service Energy Northwest (per Accounting Record)	525,441	445,148	264,168	417,744	406,204	2,058,706	
6 Debt Service Energy Northwest (per Rate Case)	607,118	603,001	528,865	565,829	557,480	2,862,293	
7 Adjusted Net Revenues	170,453	(417,773)	(390,472)	39,646	78,529	(519,618)	(264,000)

This report is reliant upon a forecast of projected end-of-year Accumulated Net Revenues (ANR) as adjusted per the rate filing (see below), and as of the reporting date. The report is published to determine if the Adjusted ANR (FB CRAC Adjusted ANR) [see following footnote] forecast at the end of the current fiscal year is below the FB CRAC Threshold, and the report is used to determine the FBCRAC Recovery amount or the Dividend Distribution Clause (DDC) amount, if any.

This report is not an absolute prediction of future revenue or costs, nor does it reflect the actual ANR for the end of the fiscal year, (unless otherwise indicated). This report should not be used for investment purposes, nor is it a guarantee that the actual ANR will be achieved as forecasted.

The ANR is defined in the 2003 Safety-Net Cost Recovery Adjustment Clause (CRAC) Final Proposal ROD as "generation function net revenues, as accumulated since 1999, at the end of each of the FY 2001-2005...confirmed by BPA's independent auditing firm." The ANR is equivalent to what the ROD defines as "Audited Accumulated Net Revenues" (AANR). The ANR is distinguished from the BPA ANR in two ways:

- the ANR does not include the impact of SFAS 133 transactions (Accounting for Derivative Instruments and Hedging Activities);
- the ANR includes the Energy Northwest debt service (ENW DS) expenses as forecasted in the WP-02 Final Studies, (instead of the actual ENW DS expenses as used in calculating the BPA ANR)